
WASTE MANAGEMENT

1.0 INTRODUCTION

- 1.1 The assurance map has identified Waste Management as an area where there may be a mismatch between the level of risk identified and the assurance provided to Committee. This is predominantly due to the Council being in the process of implementing a new waste strategy and the uncertainty being created by the Scottish Government's ban on landfilling Biodegradable Municipal Waste (BMW) from 2025. This was identified as a mismatch when the assurance mapping exercise was carried out and reported to the Committee in September 2019 however at that stage the BMW ban was to be implemented by 1 January 2021 which made it a more imminent concern. It was agreed then that Waste Management should be an area for audit or scrutiny focus at an appropriate time and the CIA's recommendation was that it be considered as a future scrutiny item. This remains the CIA's recommendation however the delay in ban implementation until 2025 reduces the urgency.
- 1.2 At the EDI Committee in December 2020, two reports were considered, the first being an update on waste management with specific reference to the BMW ban moving from 2021 to 2025 and the second report seeking approval for the Council to sign up to the Household Waste Charter. Both reports are appended to this covering report and provide a detailed update in terms of the Council's position in relation to waste management.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Audit and Scrutiny Committee consider this report.

3.0 DETAILLandfill Ban

- 3.1 The Landfill ban is a measure introduced under the Waste Regulations

(Scotland) 2012. The ban was planned to come into force across all of Scotland from January 2021. However, in November of 2019 the deadline for compliance with the ban was changed and a new date set by the Scottish Government of 2025.

- 3.2 Compliance with the Landfill ban represents a significant and enduring cost challenge to the council. This cost challenges are set out in detail in Appendix 1 of this report.
- 3.3 The Scottish Government has acknowledged the unique challenges faced by the council in complying with the ban. Scottish Government officials have given a commitment to work with Council Officers to assist in the development of a compliant solution in the form of a transition from landfill to recovery via energy from waste.

Household Waste Charter

- 3.4 The Household Recycling Charter and associated Code of Practice (CoP) was developed and agreed by the Scottish Government-COSLA Zero Waste Taskforce in November 2015. The Charter and CoP aims to bring more consistency to recycling services across Scotland in an effort to increase recycling rates in support of Circular Economy Objectives.
- 3.5 The Charter and its CoP have been endorsed by COSLA and 30 Authorities. Argyll and Bute Council, through the EDI Committee in December 2020, has now signed up to the charter which can be found at Appendix 2 of this report.
- 3.6 The Charter and its CoP are currently voluntary. However, this report informs on the work of the Scottish Government and details the stance taken by the Scottish Government to ensure that the Local Authority Charter compliance is made mandatory. In addition, by removing the voluntary status of the Charter the Scottish Government has also committed to reviewing the CoP in light of other regulatory changes such as the Scottish Deposit Return Scheme and the Landfill Ban.

4.0 CONCLUSION

- 4.1 This is a covering report for the Audit and Scrutiny Committee, the report provides an introduction to two reports recently considered by the EDI Committee in relation to waste management.

5.0 IMPLICATIONS

- 5.1 Policy – This work stream is predicated on the Waste Strategy, which details the council's policy regarding Waste.

- 5.2 Financial – Compliance with the 2025 Landfill ban represents a significant financial risk to the Council that will require practical and financial support from the Scottish Government to provide a long term financially sustainable solution.
- 5.3 Legal - The council is required to comply with the national ban on Biodegradable Municipal Waste.
- 5.4 HR – When the PPP contract comes to an end this potentially may result in the TUPE of staff operating the current Renewi sites to the council.
- 5.5 Fairer Scotland Duty:
 - 5.5.1 Equalities - protected characteristics - None
 - 5.5.2 Socio-economic Duty – None
 - 5.5.3 Islands – Islands impact assessment of the impact of the Landfill ban by the Scottish Government has been requested.
- 5.6 Risk- Significant risk of increased costs as a result of compliance with the Landfill ban
- 5.7 Customer Service - None

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February 2021

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APPENDICES

Appendix 1 – EDI Report – Waste Strategy – Landfill Ban
Appendix 2 – EDI Report – Waste Strategy – Household Waste Charter

ARGYLL AND BUTE COUNCIL

**ENVIRONMENT DEVELOPMENT AND
INFRASTRUCTURE COMMITTEE**

**ROADS AND INFRASTRUCTURE
SERVICES**

3 DECEMBER 2020

WASTE STRATEGY- LANDFILL BAN

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide members with:

- An options appraisal with related options open to the council, this includes the potential costs associated with the Landfill ban.
- An update on recent officer engagement with Scottish Government officials seeking support to enable Landfill ban compliance.

1.2 The Landfill ban is a measure introduced under the Waste Regulations (Scotland) 2012. The ban was planned to come into force across all of Scotland from January 2021. However, in November of 2019 the deadline for compliance with the ban was changed and a new date set by the Scottish Government of 2025.

1.3 Compliance with the Landfill ban represents a significant and enduring cost challenge to the council:

- Capital costs ranging between £2m and £4m;
- Increased revenue costs of between £800k and £3.5m;
- Potential one off costs of £5.1m if early withdrawal from the Waste PPP contract is required.

1.4 The Scottish Government has acknowledged the unique challenges faced by the council in complying with the ban. Scottish Government officials have given a commitment to work with Council Officers to assist in the development of a compliant solution in the form of a transition from landfill to recovery via energy from waste.

1.5 It is recommended that members:

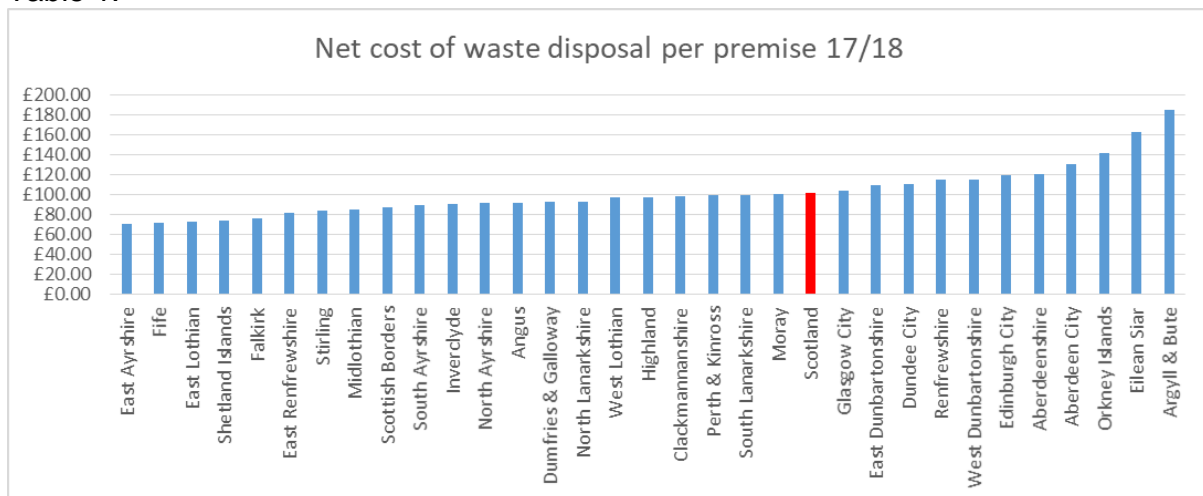
- Note the significant revenue and capital cost challenges posed by compliance with the Landfill ban.
- Review the options appraisal information (section 4) and approve the continued further development of Option 4 by officers (the total transfer of residual waste to be recovered as energy from waste) as a viable option open to the council for Landfill ban compliance.
- Note the results of recent discussions held between officers and Scottish Government officials establishing agreements in principle to support the development of a compliant Landfill ban solution.

WASTE STRATEGY - LANDFILL BAN

2.0 INTRODUCTION

- 2.1 The ban on the disposal of Biodegradable Municipal Waste to Landfill is a measure brought in under the Waste Regulations (Scotland) 2012. The ban will end landfill as the primary means of Waste disposal. The alternative to Landfill is a transition from waste disposal to waste recovery via energy from waste.
- 2.2 The ban was planned to come into force across all of Scotland from January 2021. However, the deadline for compliance with the ban has now been put back to January 2025. Non-compliance with the Landfill ban is not an option. Ministers expect local authorities and private sector suppliers to be working towards a solution at pace and that non-compliance may be subject to sanctions. Non-compliance with landfill licence requirements may become a criminal matter.
- 2.3 Officers have been working to develop options for the transition to a Landfill ban compliant system of waste recovery. Changing the council waste disposal methodology is extremely challenging for every local authority. However, Argyll and Bute faces a unique set of circumstances that disproportionately increase this cost challenge of landfill ban compliance due to the Waste PPP contract with Renewi which is in place until 2026 and the island and rural geography including distance from energy from waste recovery plants.
- 2.4 Argyll and Bute Council currently has the highest cost per household for waste disposal at a rate of £128.85 per household compared to a national average of £101.36 per household based on 2017/18. Table 1 below compares Argyll and Bute with the other local authorities. This high cost is due to the rural and island nature of Argyll and Bute and also due to the PPP contract in place which the Scottish Government encouraged the council to enter into in 2001. Whilst this contractual arrangement allowed for capital investment to enable a reduction in landfill tonnage, the contractual arrangement is expensive and lacks flexibility. Any contractual variations are challenging, time consuming and require significant resource both in terms of staff time and also technical and legal advice.

Table 1.



2.5 This report provides details drawn from an options appraisal and cost modeling exercise which form the basis of the councils ongoing Landfill ban funding and support negotiations with the Scottish Government. The capital costs of compliance are understood by Officers to be between £2m and £4m. The ongoing revenue cost implications of compliance are variable depending on the solution chosen but range from around £800k to £3.5m per year. Further details on the costs of each option are detailed in section 4 of the report.

2.6 This report also delivers an update to members on the result of recent Landfill Ban support negotiations with Scottish Government officials. The critical ask made to the officials during negotiations; will the Scottish Government commit to providing additional financial support to the council that would enable timeous compliance with the Landfill ban - including potential withdrawal or renegotiation/variance of the PPP contract.

3.0 RECOMMENDATIONS

3.1 It is recommended that Members:

- Note the sizeable revenue and capital cost challenges posed by compliance with the Landfill ban.
- Review the options appraisal information (section 4) and approve the continued further development of Option 4 by officers (the Total transfer of residual waste to be recovered as energy from waste) as a viable option open to the council for Landfill ban compliance.
- Note the results of recent discussions held between officers and Scottish Government officials establishing agreements in principle to support the development of a compliant Landfill ban solution.

4.0 LANDFILL BAN OPTIONS APPRAISAL

4.1 In previous reports, officers have provided details of potential technical solutions to the Landfill Ban. The options presented within this report also include the associated cost impacts of each solution considered which have been developed from enhanced data allowing for a higher level of accuracy in measuring and presenting the potential cost implications of Landfill ban compliance.

4.2 The options for compliant solutions that were evaluated as part of the options appraisal process are as follows:

1. **Non-Compliance - continue with Landfill**
2. **Argyll and Bute based Energy from Waste Plant**
3. **Pre-Treatment of Waste/Transfer to Energy from Waste (in the Waste PPP area)**
 - A. **Pre-Treatment of Waste/Transfer to Energy from Waste inside PPP contract**
 - B. **Pre-Treatment of Waste/Transfer to Energy from Waste outside the contract**
4. **Total Transfer of Waste to Energy from Waste (All Argyll and Bute solution)**
 - A. **Total Transfer inside PPP contract**
 - B. **Total Transfer outside PPP contract**
5. **Transition position- Temporary Derogation followed by Energy from Waste.**

The costs of all options including a comparison are included in Appendix 1.

Option 1 Non-Compliance

4.3 Option 1 has been ruled out as **not viable**. Non-Compliance is not an option due to the potential risk to the council of criminal prosecution and withdrawal of site licences resulting from a breach of the Waste (Scotland) Regulations 2012.

Option 2 Argyll and Bute based Energy from Waste Plant

4.4 Option 2 has been ruled out as **not viable** for the following reasons:

- The council lacks the minimum tonnage (100,000 tonnes needed) of waste feedstock to make an energy from waste plant commercially viable.
- Energy from waste plants are large extremely complex operations that are

very costly to build with the average cost to build sitting at around £100m.

- The planning/ permitting and construction phases of developing an energy from waste plant are lengthy taking between five to ten years before a plant becomes operational.

Option 3 a/b. Pre-Treatment of Waste/Transfer to Energy from Waste (in the Waste PPP area)

a) Pre-Treatment of Waste/Transfer to Energy from Waste inside the PPP

b) Pre-Treatment of Waste/Transfer to Energy from Waste outside the PPP

- 4.5 Officers have considered the variables for both options 3a and 3b as part of the cost modelling for the options appraisal. The purpose of this study was to examine and test the opportunity cost of remaining within the PPP or delivering of the changed service by the council.
- 4.6 The technical aspects of the proposal would involve the conversion of the existing pre-treatment facilities at Renewi sites to a system of in-vessel composting. This new pre-treatment method would, according to Renewi, be able to render 40% of the material inert enough to be used as a commercial (PAS100) compost product. The remaining 60% of the material would be transferred to the central belt for recovery via energy from waste. This is an entirely new and so far untested approach to treat and recover residual waste material. The testing to prove the processes efficacy could cost up to £170k with no guarantee of success or SEPA approval.
- 4.7 The regulator (SEPA) have expressed concerns to officers about the proposed in-vessel composting process and the feasibility of successfully achieving the required standard of inert product. Process failure i.e. not achieving the required composting standard poses a serious risk of increased costs including the potential for enforcement action and associated sanctions. The increased costs that may occur as a result of process failure would exceed any potential saving made by avoiding energy from waste gate fees. Due to the risks associated with this approach it should be viewed as feasible but **not recommend**.
- 4.8 The estimated capital costs of option 3a are around £4m. The estimated increase in revenue cost is around £1.7m per annum until the end of the waste PPP contract reducing to around £800k per annum after the end of the contract in 2026.

Table 2

Option 3a: Pre-Treatment (inside PPP)	Capital Cost	Revenue Cost Increase/year till 2026	Revenue Cost Increase/post 2026
	£4,000k	£1,700k	£797k

4.9 Officers also evaluated the potential cost and practical impact of option 3b with the development and operation of pre-treatment IVC system outside the Waste PPP having withdrawn from the contract early. It was concluded that the capital cost is identical to Option 3a at a cost of around £4m but that the additional revenue cost burden would be less at around £800k per annum.

Table 3

Option 3b: Pre-Treatment (Outside PPP)	Capital Cost	Revenue Cost Increase	Withdrawal Cost
	£4,000k	£797k	£5,100k

4.10 There is a reduced revenue cost increase with option 3b compared to option 3a. However, as option 3b would require early withdrawal from the Waste PPP this would come at a cost of around £5.1m. The cost would be made up of a mixture of legal fees, lost level playing field funding and the Renewi profit element. A detailed breakdown of the withdrawal cost can be found in Table 4 below:

Table 4

	2024-25	2025-26	2026-2027
	£000		
Level Playing Field Support	343	1,371	1,028
Buyout Cost (Renewi Profit Element)	456	447	-37
Legal Costs	1,500		
Annual Total Loss/Cost	2,299	1,818	991
Total Cumulative Cost/Lost	5,108		

4.11 In addition to the withdrawal costs officers found that operating option 3 outside the PPP contract presented increased risk of process failure and further increases for disposal costs due to lack of internal council expertise to operate the system. The council would have the option to tender out the operation of the sites to a 3rd party or contract in or train its own internal teams. The increased risks of failure taken along with the high one off costs of withdrawal from the PPP made option 3b outside the PPP **non-viable**.

Option 4 a/b. Total Transfer of Waste to Energy from Waste (All Argyll and Bute solution)

- a. Total Transfer inside PPP contract
- b. Total Transfer outside PPP contract

4.12 The appraisal of options 4a and 4b takes the same approach as the appraisal of options 3a and 3b. The difference between options being:

- Under option 4a the total transfer solution would be delivered whilst remaining within the Waste PPP contract
- Under option 4b the total transfer solution would be delivered having withdrawn from the Waste PPP contract.

4.13 If the council were to remain within the PPP for the duration of the contract, the council would be prevented from exploring residual waste partnerships with adjacent local authorities preventing economies of scale through increased feedstock tonnages and efficiencies from the sharing of facilities.

4.14 The ongoing Revenue costs of option 4a/b can be broken down into two different conclusions that are dependent on choosing either option:

- 4a- Remain in the waste PPP and deliver the solution, conclude PPP at contract end date September 2026, or
- 4b- Withdraw early from the waste PPP (in financial year 24/25).

4.15 Option 4a/b should be considered as **viable** but with different revenue cost impact, benefit, and non-benefits.

4.16 Option 4a- The costs for operating the total transfer solution whilst remaining within the Waste PPP would increase as the council would continue to pay Renewi the previously scheduled Unitary charge in addition to the energy from waste and haulage gate fees. Revenue Costs would be higher during the PPP but would decrease after the PPP ends in 2026. The capital costs that would be incurred as a result of required improvement at Renewi sites is estimated to be around £2m. The ongoing increase in revenue cost is understood to be around £3.5m per year until the PPP ends and thereafter are expected to be around £1.5m per year.

Table 4

Option 4a: Total Transfer (Inside PPP)	Capital Cost	Revenue Cost Increase/year till 2026	Revenue Cost Increase/post 2026
	£2,000k	£3,500k	£1,500k

- 4.17 In addition to the increased costs of compliance remaining within the PPP, this could restrict the council to a Renewi chosen energy from waste offtaker. Therefore, potentially tying the council to a 10 year+ energy from waste gate fee rate well after the PPP contract has ended.
- 4.18 In order for the waste PPP to be able to accommodate the changes required to put in place for a Landfill ban compliant solution, the contract would have to be varied. Contract variations in the past have proven to be costly (£250k) and time consuming to achieve (two years).
- 4.19 Option 4b would see the council withdraw from the waste PPP ahead of the contract end date with an optimal date for withdrawal set as financial year 24/25. The 24/25 date ties in with end of the senior debt in the waste PPP and links to potential partners procurement strategies.
- 4.20 As noted above the main benefit to withdrawing early from the PPP is that it allows the council to choose its own offtaker and fully develop the option of partnering up with adjacent local authorities creating economies of scale and having better access to the energy from waste market and the potential sharing of facilities. Option 4b allows the council to be more flexible in response to changes in the policy environment as there is no waste PPP contract to consider.
- 4.21 The capital cost of option 4b is identical to option 4a at £2m to cover the costs of the redevelopment of existing landfill sites into waste transfer facilities. The ongoing increased revenue costs are estimated to be around £1.5m per year.

Table 5

Option 4b: Pre-Treatment (Outside PPP)	Capital Cost	Revenue Cost Increase	Withdrawal Cost
	£2,000k	£1,500k	£5,100k

- 4.22 It is important to note that withdrawal from the Waste PPP is likely to come with a significant impact in both costs and lost level playing field support. This is estimated to be around £5.1m, table 3 provides a breakdown of the costs.

Option 5. Transition Period (Derogation for Waste PPP area)

- 4.23 Option 5, was included in the appraisal to demonstrate the reduced cost impact of compliance if the waste PPP (including withdrawal from it) was no longer an issue due to extended derogation from the ban for the PPP area. This option would require the approval of the Scottish Government and is not in line with the council's emergent De-Carbonisation Plan. The

Scottish Government has confirmed that whilst this option has the lowest overall cost there is no political appetite to extend the derogation any further. As there is no likelihood for approval this option has also been ruled out as a **not viable**.

Other considerations

- 4.24 It should be noted that the transfer of residual waste from our islands to be recovered as energy from waste on the mainland is the only feasible option for ban compliance for waste generated in those areas.

5.0 SCOTTISH GOVERNMENT LANDFILL BAN ENGAGEMENT

- 5.1 As noted in the September Waste Strategy ED&I report a meeting with Scottish Government officials to seek support to enable timeous compliance with the ban was arranged for the 26th September.
- 5.2 At the meeting officers covered the following topics with officials:
- The disproportionate impact of the Landfill ban on waste disposal in Argyll and Bute as a result of our rural/Island geography and poor access to the energy from waste market.
 - Argyll and Bute Council is the only authority with a waste PPP agreement. Moving to compliance with the ban while the PPP agreement is still in place (2026) will add significant legal costs for contract variation and will prevent the council exploring opportunities to take part in larger strategic waste partnerships with adjacent authorities.
 - The need for clarity from the Scottish Government on their intentions regarding the review of the rural food waste derogation. Removal of the derogation would result in a costly variation of the PPP and would have a significant impact on the BMW ban solutions we are considering due to changes in composition and volume of the waste we would process
 - As per the agreement in principle reached in September 2019, the Minister and her team are willing to work with Officers in concert with other local authority partners to develop joint solutions that provide significant economies of scale.
 - Officers sought agreement on the framework for future engagement between the council and the Scottish Government and its agencies to support swift progress to develop a compliant solution.
- 5.3 Officers presented the Scottish Government officials with the details from the solutions options appraisal, including the financial impact assessments as laid out in section 4 of this report.

- 5.4 Officers framed the discussion with officials around the critical ask of the Scottish Government committing them to providing additional financial support to the council thereby enabling timeous compliance with the Landfill ban- including potential withdrawal or renegotiation/variance of the PPP contract.
- 5.5 The Scottish Government officials acknowledged that the council was faced with a unique set of challenges in the form of rurality and the waste PPP. Furthermore, they reiterated their commitment to work with the council to support progress to a lasting Landfill ban solution.
- 5.6 The officials noted that a Landfill Ban Programme Board has been set up that will have an oversight of local authority progress towards compliance. In addition, they confirmed that Argyll and Bute Council would have representation on this board but would also continue to engage separately on matters relating to the waste PPP and its future.
- 5.7 The Officials noted that the Scottish Governments offer of support collaborative procurement intervention workshops before the pandemic were put on hold due to Covid-19, but they are keen to re-engage and progress these workstreams. These workshops will assist local authorities to outline thoughts, challenges, opportunities and technical capacity at a regional level. The Joint Steering Group between Scottish Government and local government representatives endorsed the plan to re-implement workshops.
- 5.8 Officers presented the cost information for all of the options by paying particular reference to option 4a and 4b. Officers highlighted that there is a cost benefit discussion to be had with the Scottish Government about funding to either remain in the PPP contract or funding to withdraw to enable council participation in partnership with other authorities. Officials made it clear that they are keen to explore all of the options for support. However, they also stressed that any support must be linked to the delivery of a solution that is compliant and offers overall value.
- 5.9 It was agreed that further discussions between officials and local authority partners would be arranged in order to produce a roadmap to developing a compliant solution through partnership and that the implications of the PPP contract would form a key part of that discussion. An outline work plan was agreed between all parties at the meeting Appendix 2.
- 5.10 Officials have confirmed that the Rural Food Waste Derogation and Household Charter Review will not take place until later in 2021 after the Holyrood election. Appendix 3 features an updated high level timeline of key actions required to ensure compliance with the ban

6.0 CONCLUSION

- 6.1 In conclusion, compliance with the Landfill ban represents a significant and

enduring cost challenge to the council. Engagement with the Scottish Government has created an agreement in principle between both parties to work together to support transition to compliant solution.

- 6.2 Following on from the successful re-engagement with the Scottish Government agreed programme of future engagements has been put in place that aligns with the Waste Strategy Action Plan that was endorsed at ED&I in September.

7.0 IMPLICATIONS

- 7.1 Policy – This work stream is predicated on the Waste Strategy, which details the council’s policy in regarding Waste.
- 7.2 Financial – Compliance with the 2025 the Landfill ban represents a significant financial risk to the Council that will require practical and financial support from the Scottish Government to provide a long term financially sustainable solution.
- 7.3 Legal - The council is required to comply with the national ban on Biodegradable Municipal Waste.
- 7.4 HR – When the PPP contract comes to an end this potentially may result in the TUPE of staff operating the current Renewi sites to the council.
- 7.5 Fairer Scotland Duty:
- 7.5.1 Equalities - protected characteristics - None
- 7.5.2 Socio-economic Duty – None
- 7.5.3 Islands – Islands impact assessment of the impact of the Landfill ban by the Scottish Government has been requested.
- 7.6 Risk- Significant risk of increased costs as a result of compliance with the Landfill ban
- 7.7 Customer Service - None

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October 2020

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APPENDICES

Appendix 1

Solutions Cost Summary table:

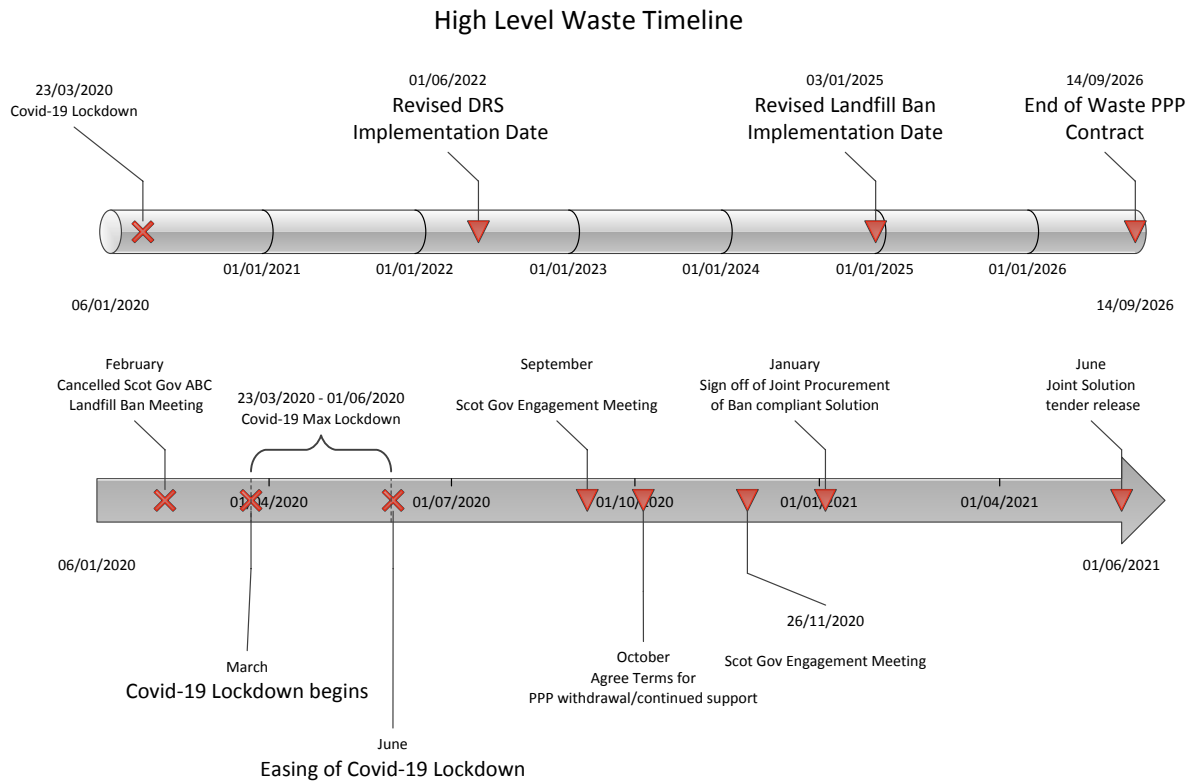
Options	Viability RAG	Capital	Revenue 2024-25	Revenue 2025-26	Revenue 2026-27	One-off Buy Out	Total	Ongoing Per Annum	Total Revenue 1 Jan 25 to end of PPP	Additional Cost due to being stuck in PPP
		£,000								
Option 3a		4,000	425	1,700	708		6,833	797	2,833	1,505
Option 3b		4,000	199	797	332	5,108	10,436	797	1,328	N/A
Option 4a		2,000	875	3,500	1,458		7,833	1,500	5,833	3,333
Option 4b		2,000	375	1,500	625	5,108	9,608	1,500	2,500	N/A
Option 5 - Pre-Treatment		4,000	0	0	0		4,000	797	N/A	N/A
Option 5 - Total Transfer		2,000	0	0	0		2,000	1,500	N/A	N/A

Appendix 2

Outline Work plan

Argyll and Bute Scottish Government Landfill Ban Engagement		
Action/Event	Notes/Output	Target Date
Initial SG/ABC meeting	Meeting took place, minutes due to be produced	29/09/2020
ABC: Meeting with Zero Waste Scotland	Meeting to discuss the Scope of the £70m recycling fund and the household recycling Charter	23/10/2020
ABC: Follow up meeting with 5 Authorities	Meeting to discuss joint Residual Waste EfW procurement with SG support	06/11/2020
ABC: Meeting with West Dun	Meeting to discuss agree joint approach to access funding for Joint Transfer Facilities	06/11/2020
ABC: Follow up meeting with Highlands and Western Isles	Meeting to discuss joint Residual Waste EfW procurement with SG support	3 rd Week November
Meeting with SG, ZWS	Agree roadmap to Joint Procurement Solutions future of the Waste PPP	3 rd Week November
ABC: Report to EDI (Council Service Committee)	Household Charter Results of SG Engagement	03/12/2020
ABC/West Dun: Draft Business Case & Minute of Agreement	Business case for supporting the development of joint transfer facilities with West Dun	Jan-21
ABC: Report to EDI/P&R (Council Service/Finance Committee)	Landfill Ban Solution Report	04/03/2021

Appendix 3: High Level Waste Timeline



ARGYLL AND BUTE COUNCIL

**ENVIRONMENT DEVELOPMENT AND
INFRASTRUCTURE COMMITTEE**

**ROADS AND INFRASTRUCTURE
SERVICES**

3 DECEMBER 2020

WASTE STRATEGY – HOUSEHOLD WASTE CHARTER

1.0 EXECUTIVE SUMMARY

- 1.4 The purpose of this report is to provide Members with an outline of the Household Recycling Charter and its Code of Practice (CoP), advising of the renewed importance of the Charter and the potential future challenges it poses.
- 1.5 The report also seeks Members approval for Argyll and Bute Council to endorse the Household Recycling Charter and its CoP.
- 1.6 The Household Recycling Charter and associated Code of Practice (CoP) was developed and agreed by the Scottish Government-COSLA Zero Waste Taskforce in November 2015. The Charter and CoP aims to bring more consistency to recycling services across Scotland in an effort to increase recycling rates in support of Circular Economy Objectives.
- 1.7 The Charter and its CoP have been endorsed by COSLA and 30 Authorities. Argyll and Bute Council is one of two Authorities that have not endorsed the Charter and the CoP.
- 1.8 The Charter and its CoP are currently voluntary. However, this report informs on the work of the Scottish Government and details the stance taken by the Scottish Government to ensure that the Local Authority Charter compliance is made mandatory. In addition, by removing the voluntary status of the Charter the Scottish Government has also committed to reviewing the CoP in light of other regulatory changes such as the Scottish Deposit Return Scheme and the Landfill Ban.
- 1.9 The Scottish Government has also made it clear that future financial and practical support from themselves and Zero Waste Scotland is likely to be contingent on compliance with the CoP.
- 1.10 Endorsing the Charter commits Argyll and Bute Council to bring services into compliance with the CoP which will have an impact on services and

costs. Furthermore, these potential obligations may increase if the CoP review suggests including new requirements for Food Waste and other materials.

1.11 It is recommended that Members:

- Review the information contained within the report regarding the Household Recycling Charter and its associated Code of Practice.
- Agree to approve Argyll and Bute Council endorsement of the Household Recycling Charter in order to enable the council to apply for additional funding and resources to support ongoing investment in Recycling and Waste Recovery.

WASTE STRATEGY – HOUSEHOLD WASTE CHARTER

2.0 INTRODUCTION

- 2.1 Following development by Zero Waste Scotland, the Waste Managers' Network and consultation with stakeholders in the public and private sector, the Charter for Household Recycling was agreed by COSLA leaders at its meeting on 28th August 2015. The Charter for Household Recycling and its Code of Practice (CoP) is attached to this report as Appendix 1.
- 2.2 The Charter for Household Recycling and its accompanying CoP seek to design services that:
- Achieve high quantities of recycling and minimise non-recyclable waste
 - Maximise the recycling of high quality materials
 - Deliver cost effective services for local government
 - Encourage participation from citizens
 - Keep citizens, staff and contractors safe
 - Support employment.
- 2.3 Argyll and Bute Councils waste management services is already closely aligned with the principles of the Charter for Household Recycling and CoP. Our services have been designed to comply with pre-existing regulations; in the form of Environmental Protection Act (1990) amended by the Waste (Scotland) Regulations 2012.
- 2.4 Endorsement of the Charter and its CoP is currently voluntary, the Scottish Government have indicated that it may become a mandatory requirement in the future.
- 2.5 The Charter has received wide support from COSLA, the Scottish Government (and it's Agencies). 30 out of 32 Local Authorities have endorsed the Charter and have committed to the 21 principle obligations of the charter.

- 2.6 Argyll and Bute is one of 2 Authorities that have not endorsed the Charter and the CoP. The other local authority not to endorse the Charter is the City of Edinburgh Council.
- 2.7 Officers have previously presented to Elected Members the likely impacts of re-aligning services in compliance with the Charter CoP. Key to the opportunity cost calculation of Charter compliance is the particular cost of transitioning from Co-Mingled Recyclate Collections to separate collections for Paper/Card and Plastic/Cans. This transition would require investment in:
- Materials storage sheds at all Council and Waste PPP sites
 - Both bins and the Refuse Collection Fleet
 - Possible increased staff compliment to deliver new services
 - Increased haulage/ferry costs.
- 2.8 Since 2015, out of the 30 Authorities that had endorsed the charter, around 50% are compliant with the CoP. The remaining Authorities have transition plans in place to bring their service in to compliance with the CoP. Individual Authorities progress towards compliance is not uniform with some signatories having made little progress towards compliance. Authorities are concerned that the funding allocated to them by Zero Waste Scotland to facilitate (only Capital funding is available) does not support the ongoing Revenue cost of delivering a CoP compliant service.
- 2.9 One reason for reluctance to reform service may be linked to other issues brought about by regulatory changes such as the introduction of the Scottish Deposit Return Scheme (DRS) for single use beverage containers and the 2025 Landfill Ban. In the 2019 “Programme for Government” announcement the Scottish Government has stated that a review of the Charter and its CoP will take place after the 2021 Holyrood election.
- 2.10 The full scope of the review is currently unknown. However, Zero Waste Scotland and the Scottish Government have indicated that several key issues will feature as part of the review. These include:
- Changing voluntary compliance with the Charter and its CoP to a mandatory requirement for all Local Authorities;
 - Inclusion of Food Waste Collections as a requirement pending review of the Rural Food Waste Derogation;
 - Review of the level of Recyclate Materials segregation required post introduction of the DRS;
 - Inclusion of Green (Garden) Waste collections;
 - Changes to the Minimum Residual Waste volume that authorities provide Householders.
- 2.11 The Scottish Government has also intimated that future financial and practical support for Waste services are likely to be contingent on signing up to the charter. From a political perspective, the council is one of two authorities in COSLA to have not endorsed the Charter it highlights the

council as being problematic. The reputation for non-compliance poses a significant risk to the council which therefore undermines our position when seeking support from both COSLA and other Authorities.

- 2.12 If the Charter is not adopted, the council risks not being able to play a role in helping to shape and develop the outcome of the CoP review. The result of this review will provide the Government mandated operational framework for all future Local Authority Waste Recycling and Recovery Services. If the council is not involved we would risk the unique challenges of our geography and current models going unconsidered during the development of the CoP review that could significantly disadvantage the council.

3.0 RECOMMENDATIONS

3.1 It is recommended that Members:

- Review the information contained within the report regarding the Household Recycling Charter and its associated Code of Practice.
- Agree to approve Argyll and Bute Council endorsement of the Household Recycling Charter in order to enable the council to apply for additional funding and resources to support ongoing investment in Recycling and Waste Recovery.

4.0 CURRENT CHARTER CODE OF PRACTICE (CoP)

- 4.1 The Scottish Government's Circular Economy Strategy 'Making Things Last' provides for a number of waste prevention and waste management policies. Local authorities have engaged with this strategy principally in the form of the Household Recycling Charter, a joint Scottish and local Government initiative to transform council's waste management services and make them ready for new government targets.
- 4.2 The Household Recycling Charter is a commitment to transform councils' waste services, to achieve a more uniform waste collection service across the country, to improve collection rates, to create large-scale consistent streams of high-quality recyclate material that can act as a feedstock for the circular economy, and to maximise economic benefit (job creation, sale of recyclate material). Both the Charter and the associated CoP were subject to scrutiny from COSLA's Executive Group prior to approval by COSLA Leaders.
- 4.3 In total 30 local authorities have politically committed to the Charter. Four authorities have commenced service transformation with Zero Waste funding. Zero Waste Scotland has provided c£2m in 2017/18 to East Ayrshire Council, and further funding of around £4.2m was agreed for councils in 2019/20, including Shetland Islands, Dundee, Perth & Kinross and Fife. The Scottish Government has committed that funding will

continue to be available in future years to help Charter signatories make the transition to new Charter compliant waste collections services. All of the Charter compliant funding provided to Authorities to date is Capital funding not Revenue support.

4.4 COSLA continue to support the Charters and Scottish local authorities progress to comply with the CoP. COSLA wish to ensure that Zero Waste funding meets the challenges that local authorities face, and that any service transformation is sustainable.

4.5 The Charter CoP (see APPENDIX 1) is broken down in to different aspects such as:

- Collection Methodology
- Materials in Scope
- Waste collection policies
- Volume of bins and frequency of collection
- Training and Health and Safety
- Communication on Waste

4.6 The CoP seeks to deliver three outcomes:

- To improve our household waste and recycling services to maximise the capture of, and improve the quality of, resources from the waste stream, recognising the variations in household types and geography to endeavor that our services meet the needs of all our citizens.
- To encourage our citizens to participate in our recycling and reuse services to ensure that they are fully utilised.
- To operate our services so that our staff are safe, competent and treated fairly with the skills required to deliver effective and efficient resource management on behalf of our communities.

4.7 This CoP sets out the basis for a consistent approach to the provision of recycling services by local authorities in Scotland. There are then 'Essential' and 'Desirable' requirements, which shall be interpreted in the following manner:

ESSENTIAL

- These requirements are vital in the effort to achieve consistency across waste and recycling services in Scotland. The adoption of these requirements are considered to be the minimum expectation placed on Councils signing up to the Household Recycling Charter.

DESIRABLE

- These requirements are important in the effort to achieve consistency across waste and recycling services in Scotland. The adoption of these requirements is something that Councils shall consider after they have

met the essential requirements.

- 4.8 Under the current regulatory framework that all Local Authorities have to operate within; the council is already compliant with the around 90% of the Essential Requirements of the CoP. The councils current waste service operation is also broadly compliant with many of the Desirable Requirements.
- 4.9 The primary difference between the current council Waste service offerings is around the level of recyclate segregation at the kerbside. Since 2015 the council has offered a kerbside recyclate collection across all of Argyll and Bute. Across the majority of Argyll and Bute the main method for collection of the recyclate material has been via a fortnightly Co-mingled recyclate collection. The materials in scope for the Co-mingled recyclate collection include:
- Paper (Clean paper, Newsprint/Magazines)
 - Cardboard
 - Cans (Aluminium and Steel)
 - Plastic Bottles, Tubs and Trays
- 4.10 The council's 2018 total recycling, composting and recovery rate was 48.9%. Around 7,100 tonnes of target recyclate materials were collected and recycled by the council (or on behalf of the council).
- 4.11 In Kintyre, kerbside recycling services are operated by a third sector partner (Kintyre Recycling Ltd.). The service operated by Kintyre recycling Limited includes, collection and the sorting/onward sale of the materials. In order to support efficient local sorting and maximise the value of material when sold both organisations operate a service with segregation of materials at the kerbside. The level of service provided by Kintyre Recycling Limited is CoP compliant.
- 4.12 Many of the Local Authorities that have signed up to the Charter have made little progress towards total compliance. The level of non-compliance is likely linked to the febrile Waste and Resource management policy environment. The Scottish Government and it's agencies recognise that authorities are not likely to invest further in measures bringing their services closer into compliance until they receive greater clarity on key policy changes such as; the Scottish Deposit Return Scheme, the Landfill ban and the results of the review of the Charter CoP.

5.0 CoP REVIEW- RECYCLATE

- 5.1 In the 2019 "Programme for Government" the Scottish Government announced that they are aiming to carry out a review of the Household Recycling Charter and the CoP. As part of the review the Scottish Government will also be considering proposals to make endorsement of

the charter and compliance with the CoP a statutory requirement for all Local Authorities.

- 5.2 Moving the charter from a “opt in/out” position to a mandatory requirement for all authorities will directly impact upon Argyll and Bute Council, as it has not endorsed the charter. However, depending on the results of the review into the CoP the impact of endorsing to the Charter and the CoP could either be low or significantly challenging depending on the approach adopted by the Scottish Government.
- 5.3 The review of the CoP will look at both the collection methodologies and the scope of the waste streams currently covered by the CoP. Critically the review will be informed by the Scottish Governments climate change commitments and other Circular Economy policies such as the DRS.
- 5.4 The DRS will enable consumers to take single-use containers back and redeem a 20p deposit from any retailer selling drinks covered by the scheme. The scheme will include plastic bottles made from polyethylene terephthalate (“PET plastic”, which is the most common type of bottle for products such as fizzy drinks and bottled water), aluminium and steel cans and glass bottles. Introduction of the DRS will impact on the types, quantity and quality of waste material the council collects at the kerbside and Civic Amenity sites/ Bring sites. Waste material will be captured from both Kerbside Residual and Recyclate waste streams.
- 5.5 Currently the DRS is due to be rolled out across Scotland from June 1st 2022. The Scheme will be available throughout Scotland. It is estimated the scheme will have around 17,000 return points, it is hoped that this will make it as easy to return a drink as it is to buy one. Containers of at least 50ml and no more than 3 litres are included. Customers will return their empty containers either over the counter, by using a reverse vending machine, or to an online retailer. The Scheme Administrator appointed to operate the scheme is bound by the regulations to capture 70% of containers for recycling, in the first year of operation, rising to 90% of containers by the third year.
- 5.6 DRS is predicted to capture the majority of the high value plastic and metal materials from kerbside collections. However, it is not clear if taking into consideration the roll out of the DRS, that the separation of materials at the kerbside would be required as the scheme is likely to capture the majority of this material. Therefore, the most efficient mode of collection and processing operation offering the largest economy of scale for Authorities is likely to be a Co-mingled recyclate service.
- 5.7 Given that a large number of Authorities (Highland, GCC, WDC, Inverclyde and others) currently operate a Co-mingled service and have not taken substantive steps to move to source segregation it possible that the Scottish Government will reflect on the requirement for kerbside recyclate segregation in the future CoP. Authorities that have signed up to the charter that operate kerbside Co-Mingled services are likely to push the

Scottish Government to downgrade the need for kerbside sorting from an Essential to a Desirable requirement.

5.8 If Argyll and Bute were to move to enhanced kerbside recycle segregation, this would require significant investment in:

- Bins
- Provision of storage sheds at Council and Renewi operated sites
- Increased Haulage
- Vehicles
- Staffing costs.

6.0 CoP REVIEW- RURAL FOOD WASTE DEROGATION

6.1 In the 2019 “Programme for Government” announcement the Scottish Government declared their intention to review the existing Rural Food Waste Derogation. The announcement to review the derogation sits apart from the review of the Charter CoP. Both issues are however linked as Food Waste is one of the Waste Streams under consideration for inclusion in the CoP.

6.2 The current Rural Food Waste Derogation is based on a settlement population numbers with all settlements with population of less than 10,000 being exempt from requiring a Food Waste service. The only area in Argyll and Bute that meets this requirement is the Helensburgh and Lomond administrative area.

6.3 The terms of the review are as yet unknown, the Scottish Government has made it clear that they view extending the provision of a Food Waste Service is a priority.

6.4 If the derogation is abolished and it is taken alongside the review of the CoP Waste Streams, authorities could be put into the position of Food Waste Collections being made an essential requirement in the CoP. The council would have a new requirement to operate a Food Waste service across the whole council area and this would have a significant capital and revenue cost implication. The cost impact of introducing an increased Food Waste service would be in addition to substantial pre-existing cost pressure of the transition to Landfill ban compliance.

6.5 In addition to increased revenue costs of operating the new service there would also be additional costs resulting from the required variation to the pre-existing Waste PPP agreement with Renewi. This cost is likely to be substantial but is not quantifiable, previous variations have cost around £250K.

- 6.6 Introducing a Food Waste service could also have the effect of rendering the pre-existing Mechanical Biological Treatment process at Renewi sites obsolete. The equipment could however be repurposed to Compost the Food Waste Material within Argyll and Bute potentially generating a commercial product. However, the value of this compost material is extremely low and it may be more beneficial to source recovery via Anaerobic Digestion as it has a higher environmental/circular benefit.
- 6.7 The introduction of a requirement for a Food Waste service would also affect planning for Landfill Ban compliance and the technical solution is taken forward to replace Landfill. Therefore, it is of critical importance that the Scottish Government make their intentions in this regard unequivocally clear to all stakeholders.
- 6.8 As the mandatory introduction of Food Waste is a new requirement across most of Argyll and Bute additional funding support should be sought from the Scottish Government to offset the increase in costs.

7.0 CHARTER BENEFITS

- 7.1 Council endorsement of the Household Charter would bring Argyll and Bute Council's Policy and Operational Framework in line with 30 out of 31 other Local Authorities in Scotland.
- 7.2 Being aligned to the Charter would allow Argyll and Bute Council to take part in the CoP review process. This participation would allow the council the opportunity to shape and develop the CoP with the Scottish government and other stakeholders to produce a revised document that recognises the unique challenges of our geography and other commitments (Waste PPP Contract).
- 7.3 The Scottish Government in its 2020 Programme for Government announcement gave a commitment to setup a £70m fund to be used to support local authorities to develop their Waste and Recycling infrastructure in support of national progress towards the Scottish Governments Circular Economy goals. This £70m funding pot is over a five year period with £50m in the first three years. The fund is to be managed on behalf of the Scottish Government by Zero Waste Scotland. It is planned that the fund will be open to applications from the start of the next financial year. The scope of the fund is to provide Capital support to Local Authorities working to improve their Waste and Recycling infrastructure. One of the favorable criteria for accessing this funding is commitment to the Household Charter, this means that without endorsement of the Charter the Council may struggle to access this funding pot and potential future funding streams. A future report will be brought to Committee detailing opportunities where funding through this source may be sought.

8.0 CONCLUSION

- 8.1 On balance it is within the interests of the Council to endorse the Household Recycling Charter and the associated CoP. Not endorsing the Charter would prevent Argyll and Bute Council from fully participating in national Waste and Recycling policy development and risks precluding the council from future funding streams.

9.0 IMPLICATIONS

9.1 Policy:

The council is currently compliant with all of the provisions of the existing regulatory framework. In the event of compliance with the Charter and its CoP becoming a mandatory requirement it is council policy to seek funding from the Scottish Government to cover new obligations.

9.2 Financial:

Unknown at this stage but not signing up to Charter may limit access to funding. There may also be additional costs to become fully compliant.

9.3 Legal:

None

9.4 HR:

None

9.5 Equalities/Fairer Scotland Duty:

None

9.6 Risk:

It is important to mitigate the risk of any additional costs resulting from service reform such as introducing a mandatory Food Waste Service by playing an active role in discussions with the Scottish Government on the likely, costly impact of this change.

9.7 Customer Service:

None

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APPENDICES

Appendix 1 - Charter for Household Recycling and Code of Practice (CoP)